

UNITED STATES CIRCUIT COURT OF APPEALS

FOR THE SECOND CIRCUIT.

RCA MANUFACTURING COMPANY, INC.,
Complainant-Appellant and Appellee,

—against—

PAUL WHITEMAN and W.B.O. BROADCASTING
CORPORATION,
Defendants-Appellees and Appellants,

and

ELIN, INC.,

Defendant.

REPLY BRIEF OF DEFENDANT-APPELLANT PAUL WHITEMAN.

POINT I.

WHITEMAN'S PROPERTY RIGHTS DID NOT PASS TO THE PLAINTIFF.

The regrettable mis-citation of authorities by the plaintiff should not obscure the issue between it and Whiteman: whether Whiteman retained his property rights in his renditions under the contracts, considered in the light of their surrounding circumstances. If his rights did not pass, expressly or impliedly, he retained them. He was then under no necessity to reserve any rights and his failure to make such a reservation could lose him nothing. Plaintiff has made no effort to "differentiate" *Public Ledger v. New York Times* and *Fraser v. Yack* (Whiteman's Appellant's Brief, pp. 8-10), which are controlling, and has distorted *Uprou v. National Broadcasting Co.* by its statement (Plaintiff's Appellee's Brief, p. 5) of an alleged "clear purpose and intent of the parties" as to the use of the radio scripts which motivated

the opinion. These cases have been discussed in Whiteman's Brief.

The injection of cases dealing with rights between employer and employee assumes the existence of such a relationship without any evidence to sustain it and ignores too palpably the contracts themselves. The same attempt, made below, was summarily dismissed by the Court, which found that Whiteman was not the plaintiff's employee (1292).

The cases cited by the plaintiff (p. 4) do not hold, as it is alleged, that one who engages an artist to make a product to be sold by the former, thereby acquires all property in it. These are employer-employee cases which applied the shop rights rule, and "photographer" cases which depended on special relationships and special facts. Neither was such a "rule" embodied in Section 62 of the Copyright Act, which deals with employer and employee. Nor was it applied in *Dielman v. White*, in which the Court expressly rejected the analogy of the shop-rights cases as "remote" and held *Solo-mons v. U. S.* and *Gill v. U. S.* (both cited by the plaintiff) inapplicable. This case turns on contractual construction; intimates that a patron who commissions a work of art gets what, in the contemplation of the parties, is necessary to its enjoyment; and expresses the "grave doubt" of the Court in making its decision (102 F. 892, 894, 895).

This Court did not, in *Yardley v. Houghton Mifflin Co.*, overrule its decision in *Public Ledger v. New York Times*. That opinion rested on the "supposed intention of the parties" to pass the property right. Thus, an assignment having appeared, the Court held that only an express reservation by the artist could have broken its force: a ruling in line with Whiteman's claim. The special facts of the case induced the Court to observe that there was little precise authority on the point. It had been urged that reproduction of the mural was not necessary to the patron's enjoyment of it, but the Court thought that it was. The instant case, however, shows that the parties contemplated the manufacture and sale of phonograph records for non-commercial use—and no other purpose.

The Contracts.

The plaintiff, in its consideration of the word "license," has made no effort to relate it to broadcasting. It has not remarked upon the essentially non-exclusive feature of licenses which are not, by their terms, expressly exclusive. It has had to ignore the uncontroverted testimony of Whiteman's and its own witnesses as to the meaning of this term—for there is not a word in the testimony or documents, not a single circumstance, which supports its position. If, as it asserts, the dictionary definition of the term was intended, it must still be related to something concrete in the contract to give it meaning—which was not done. The obvious meaning, reading the term in its context, relates it to the plaintiff's disposition of records in the course of trade—for manufacture and sale. The extrinsic evidence supports this interpretation.

Ingram v. Bowers and *Noble v. One-Sixty Commonwealth Ave., Inc.*, have been discussed in Whiteman's Appellant's Brief. Plaintiff's quotation (p. 10) from the latter case shows that the Court's determination rested not on the "matrices clause" but on the plaintiff's right to sell and dispose of records, which gave it the right to dispose of physical records and not to define or control their use, as in broadcasting.

Background and Practical Construction.

To show that broadcasting of phonograph records was a vital part of the "flourishing (radio) industry" in 1924, and so within the contemplation of the parties, the plaintiff has chosen to overlook both the evidence and the Court's finding (Whiteman's Appellant's Brief, p. 19), and has resorted to authorities dehors the Record: Archer, *History of Radio to 1926*; *United States Department of Commerce Reports*; *Third National Radio Conference*.

Archer reports that in 1908 Dr. DeForest used phonograph records in an experimental wireless telephone broadcast from the Eiffel Tower; that in early 1920 Dr. Conrad used phonograph records in experimental broadcasts over Station 8XK (Pittsburgh), before commercial broadcasting became a reality; that in 1920 Station KDKA (Pittsburgh) used phono-

graph records. This book, which takes Radio to 1926, does not indicate that records were so used after 1920. Its companion volume: Archer, *Big Business and Radio* (1939) makes not the slightest mention of phonograph records in broadcasting.

The Report of the Radio Conference (1924) contains only the statement by then Secretary of Commerce Hoover that "When broadcasting first started, the phonograph was a sufficient attraction to the radio-telephone listeners. * * * Public interest has long since passed this stage."

These are the authorities by which the plaintiff has sought to prove that the practice was so widespread in 1924 that the parties must have contracted regarding it.

The plaintiff has cited *Sydney v. Beck* (p. 16) as holding that "The authorities look with suspicion on the sudden desire of a public figure for the repression of his name." This case does not even remotely justify this quotation. It holds that in a suit for damages under the Privacy Statute, the defense that custom allowed use of names for advertising purposes is a valid partial defense in mitigation of damages.

POINT II.

WHITEMAN'S CONTRACTS WITH THE PLAINTIFF DID NOT AND COULD NOT BAR HIS RIGHT TO ENJOIN W.B.O.'S UNFAIR COMPETITION.

This point has been treated in Whiteman's Appellant's Brief (pp. 34-37). Whiteman could not assign to the plaintiff his right to sue for unfair competition apart from an assignment of his orchestral business. Neither could he validly agree with the plaintiff not to redress unfair competitive acts which might work fraud and deception upon the public. He did neither of these things. The plaintiff, it will be recalled, never licensed W.B.O. to broadcast records. It is completely unaffected by Whiteman's efforts at redress; it has no interest in the matter; and cannot be heard to complain. It has made no effort to refute this point.

International News v. Associated Press, relied on by the plaintiff, actually defeats its claim of unfair competition (Whiteman's Appellant's Brief, pp. 40, 41). Plaintiff's ref-

erence to displacement of musicians (p. 27) and deceptive announcements affecting artists (p. 28) obviously makes a case for the artist and not for itself. What it states to be the crux of its damage (p. 34): artists' refusals to make records, was occasioned by the plaintiff's refusal to allow them to retain their property rights (617-620). Fred Waring's refusal to record because of ensuing self-competition likewise shows damage to the artist. It is indeed a curious thing that plaintiff should claim itself vicariously damaged by what is damage to the artist alone. The fact is that the plaintiff can show no damage to itself.

Plaintiff refers to hearsay testimony of its vice-president, Lawrence Morris, that the union scale of the American Federation of Musicians was raised because of record broadcasts. Samuel Tabak, a member of the executive board of the musicians' union (904) testified that the increase was induced by a speed-up in the recording industry, the object being to secure a rate of compensation compatible with the increased production (905-907). Mr. Tabak was the author of the memorandum which resulted in this increase (934). The District Court significantly failed to consider this an element of damage to the plaintiff.

POINT III.

THE PLAINTIFF'S RIGHTS WERE NOT VIOLATED.

Whiteman's Appellant's Brief (pp. 38-41) considers this point.

The plaintiff's rights under its contract with Bruno-New York, Inc. can be no greater than its rights under its contracts with Whiteman. In all respects they were subject to Whiteman's paramount rights, which could not be curtailed or foreclosed without his consent. What has been urged with respect to the restrictive notices (Whiteman's Appellant's Brief, pp. 31-34) is applicable here. It should be noted that this contract is dated August 9, 1937—more than a year after the Whiteman record broadcasts, as stated in the complaint.

The cases cited by the plaintiff (p. 38) respecting its rights in records of other artists are entirely irrelevant. They were mainly suits for accountings or damages. The rule that

rights between parties should be adjusted as of the close of the litigation is neither new nor apocalyptic. But those rights must exist in the first instance—and they must be properly raised against parties properly notified to defend themselves.

POINT IV.

W.B.O. VIOLATED WHITEMAN'S RIGHT TO PRIVACY, HIS RIGHT OF PERSONALITY AND HIS RIGHTS IN HIS AND HIS ORCHESTRA'S NAMES.

W.B.O. disputes Whiteman's right to this relief. Its defense is the Civil Rights Law. This statute allows the use of an artist's name in connection with a product which bore it when sold. Its immunity, however, extends only to proper and legitimate use. Section 50 refers to use for advertising purposes or for the purpose of trade. Such advertising must be limited to the articles sold, and such trade must likewise be limited to trade in these articles.

Thus, if W.B.O. sought to trade in these records, it could use Whiteman's name to advertise or sell them. These would be proper uses. But its broadcasts were designed for quite another purpose—to advertise the products of Elin, Inc. and the station itself. The purpose was to exploit the Whiteman name and personality for these ends, and it was accomplished by the practice of gross deception upon the public.

W.B.O.'s practices were not only improper but illegal. The Civil Rights Law was not intended as an instrument to encourage misuse or illegal use.

CONCLUSION.

The relief urged in Whiteman's Appellant's Brief should be granted.

Respectfully submitted,

MAURICE J. SPEISER,
Counsel for Paul Whiteman,
Defendant-Appellant.

HERBERT A. SPEISER,
NATHAN BASS,
Of Counsel.